European Council

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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Special meeting of the European Council (1 and 2 October 2020) – Conclusions

Delegations will find attached the conclusions adopted by the European Council at the above meeting.

I. COVID-19

1. The European Council held an in-depth discussion on the handling of the COVID-19 pandemic. It is determined to stand together in this difficult situation, and calls on the Council, together with the Commission, to further step up the overall coordination effort and the work on the development and distribution of a vaccine at the EU level. The European Council will regularly come back to this issue.

II. SINGLE MARKET, INDUSTRIAL POLICY AND DIGITAL

2. The COVID-19 pandemic will have a lasting impact on the European and the global economy. It has highlighted both Europe's assets and its dependencies. A strong economic base is now more essential than ever for inclusive and sustainable growth, competitiveness, jobs, prosperity, and for Europe's role on the global stage.

3. In July, the European Council agreed an unprecedented recovery package to counter the effects of COVID-19 on our economies and societies, and to promote Europe's strong recovery and the transformation and reform of our economies. The two mutually reinforcing pillars of such a recovery, the green transition and the digital transformation, together with a strong and deep Single Market, will foster new forms of growth, promote cohesion and convergence, and strengthen the EU's resilience. Achieving strategic autonomy while preserving an open economy is a key objective of the Union.

Single Market and industrial policy

4. The European Council underlines the need to return to the normal functioning of the Single Market as soon as possible. But this is not enough: we will draw the lessons from the COVID-19 crisis, address remaining fragmentation, barriers and weaknesses, and increase our ambition. The European Council endorses the Council conclusions of 21 September 2020 on a deepened Single Market for a strong recovery and a competitive, sustainable Europe and calls more specifically for:

- strictly implementing and enforcing the Single Market rules, in line with the Commission's Single Market Enforcement Action Plan;

- removing remaining unjustified barriers, particularly in the area of services, and refraining from creating new ones;

- updating the European competition framework to ensure that it meets the challenges of the green transition, the digital transformation, and the evolving global context. This framework must provide clear rules for economic operators and support innovation, including in the digital sector. The possibility of adopting rules on the systemic role and responsibilities of online platforms with significant network effects should be explored. The European Council looks forward to the outcome of the Commission's ongoing review of competition rules, the first results of which are scheduled for 2021. The effects of globalisation and the emergence of the digital economy have to be taken into account in this context;

- shaping the new system of global economic governance based on an ambitious and balanced free trade agenda with the WTO at its core, while protecting ourselves from unfair and abusive practices and ensuring reciprocity. The Enforcement Regulation should be upgraded, work on the International Procurement Instrument proposal accelerated and further instruments to address the distortive effects of foreign subsidies in the Single Market developed;

- investing in education, training and the effective use of skills with a view to increasing job retention and creation, supporting economic and social prosperity, and implementing the necessary social protection policies in line with the Treaties.

5. The EU must pursue an ambitious European industrial policy to make its industry more sustainable, more green, more competitive globally and more resilient. The European Council invites the Commission to identify strategic dependencies, particularly in the most sensitive industrial ecosystems such as for health, and to propose measures to reduce these dependencies, including by diversifying production and supply chains, ensuring strategic stockpiling, as well as fostering production and investment in Europe. It calls for:

- ensuring a level playing field, and a regulatory environment and state aid framework that are conducive to innovation and facilitate the full involvement of SMEs;

- developing new industrial alliances, including on raw materials, medical equipment, microprocessors, secure telecommunication networks, low-carbon industries, and Industrial Clouds and Platforms;

- stepping up the assistance to the existing Important Projects of Common European Interest on Batteries and micro-electronics, and to those being developed by Member States and industry in the context of various alliances (such as on the Internet of Things, Clean Hydrogen), so as to overcome market failures and enable breakthrough innovation. The European Council invites the Commission to help the Member States develop new Important Projects of Common European Interest. Furthermore, it calls for further strengthening synergies between the use of EU and national funds as regards key technological projects, while ensuring transparency and open participation of SMEs;

- developing EU autonomy in the space sector and a more integrated defence industrial base.

Digital

6. The COVID-19 pandemic has further underlined the need to accelerate the digital transition in Europe. Seizing the opportunities of this transition is crucial to strengthening our economic base, ensuring our technological sovereignty, reinforcing our global competitiveness, facilitating the green transition, creating jobs and improving the lives of citizens. Building a truly digital Single Market will provide a home-based framework allowing European companies to grow and scale up.

The European Council looks forward to the Commission's proposal for a Digital Services Act by the end of this year and invites the Commission to present, by March 2021, a comprehensive Digital Compass which sets out the EU's concrete digital ambitions for 2030. Such a Compass should establish a monitoring system for European strategic digital capacities and capabilities, and outline the means and key milestones to achieve our ambitions.

7. To be digitally sovereign, the EU must build a truly digital single market, reinforce its ability to define its own rules, to make autonomous technological choices, and to develop and deploy strategic digital capacities and infrastructure. At the international level, the EU will leverage its tools and regulatory powers to help shape global rules and standards. The EU will remain open to all companies complying with European rules and standards. Digital development must safeguard our values, fundamental rights and security, and be socially balanced. Such a human-centred approach will increase the attractiveness of the European model.

8. At least 20% of the funds under the Recovery and Resilience Facility will be made available for the digital transition, including for SMEs. Together with the amounts under the MFF, these funds should help advance objectives such as:

- fostering the European development of the next generation of digital technologies, including supercomputers and quantum computing, blockchain, and human-centred Artificial Intelligence;

- developing capacities in strategic digital value chains, especially microprocessors;

- accelerating the deployment of very high capacity and secure network infrastructures – including fibre and 5G – all over the European Union;

- enhancing the EU's ability to protect itself against cyber threats, to provide for a secure communication environment, especially through quantum encryption, and to ensure access to data for judicial and law enforcement purposes;

- unleashing the full potential of digital technologies to reach the ambitious environmental and climate action objectives included in the July package;

- upgrading digital capacities in education systems.

9. The European Council welcomes the European strategy for data, which supports the EU's global digital ambitions to build a true European competitive data economy, while ensuring European values and a high level of data security, data protection, and privacy. It stresses the need to make high-quality data more readily available and to promote and enable better sharing and pooling of data, as well as interoperability. The European Council welcomes the creation of common European data spaces in strategic sectors, and in particular invites the Commission to give priority to the health data space, which should be set up by the end of 2021.

10. The European Council underlines the need to establish trusted, safe and secure European cloud services in order to ensure that European data can be stored and processed in Europe, in compliance with European rules and standards. It therefore welcomes the concept of an EU federated cloud infrastructure and invites the Commission to take this work forward swiftly. Greater European cloud capacity, together with an empowering interoperability framework, should also enable the deployment of safe and secure cloud-based public and private digital solutions, including ensuring faster and more efficient, convenient and transparent access to e-government services.

11. The European Council endorses the Council conclusions of 9 June 2020 on shaping Europe's digital future. It calls on the EU and the Member States to make full use of the 5G cybersecurity toolbox adopted on 29 January 2020, and in particular to apply the relevant restrictions on high-risk suppliers for key assets defined as critical and sensitive in the EU coordinated risk assessments. The European Council underlines that potential 5G suppliers need to be assessed on the basis of common objective criteria.

12. To ensure the rapid deployment of 5G across the EU, the European Council also urges all Member States to submit their national plans on the roll-out of 5G to the Commission by the end of this year, as set out in the 5G Action Plan.

13. The EU needs to be a global leader in the development of secure, trustworthy and ethical Artificial Intelligence. The European Council invites the Commission to:

- propose ways to increase European and national public and private investments in Artificial Intelligence research, innovation and deployment;
- ensure better coordination, and more networks and synergies between European research centres based on excellence;
- provide a clear, objective definition of high-risk Artificial Intelligence systems.

14. The European Council calls for the development of an EU-wide framework for secure public electronic identification (e-ID), including interoperable digital signatures, to provide people with control over their online identity and data as well as to enable access to public, private and cross-border digital services. It invites the Commission to come forward with a proposal for a 'European Digital Identification' initiative by mid-2021.

Next steps

15. The European Council will return to the topics of the Single Market, industrial policy and digital at its meeting in March 2021. In this context it will also assess the situation regarding the work on the important issue of digital taxation.

III. EXTERNAL RELATIONS

Eastern Mediterranean

16. The EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Turkey. Pursuing dialogue in good faith and abstaining from unilateral actions which run counter to the EU interests and violate international law and the sovereign rights of EU Member States is an absolute requirement in this regard. All differences must be resolved through peaceful dialogue and in accordance with international law. In this context, the European Council reiterates its full solidarity with Greece and Cyprus, whose sovereignty and sovereign rights must be respected.

17. The EU welcomes the recent confidence building steps by Greece and Turkey, as well as the announcement that they will resume their direct exploratory talks aiming at the delimitation of the Continental Shelf and Exclusive Economic Zone of the two countries. These efforts need to be sustained and broadened.

18. At the same time, the European Council strongly condemns violations of the sovereign rights of the Republic of Cyprus which must stop. The European Council calls on Turkey to abstain from similar actions in the future, in breach of international law. The European Council underlines that delimitation of the Continental Shelf and Exclusive Economic Zone should be addressed through dialogue and negotiation in good faith, in full respect of international law, and calls on Turkey to accept the invitation by Cyprus to engage in dialogue with the objective of settling all maritime-related disputes between Turkey and Cyprus.

19. The European Council supports the speedy resumption of negotiations, under the auspices of the UN, and remains fully committed to a comprehensive settlement of the Cyprus problem within the UN framework and in accordance with the relevant UNSC resolutions, including UNSC resolutions 550 and 789, and in line with the principles on which the EU is founded. It expects the same of Turkey. The EU stands ready to play an active role in supporting the negotiations, including by appointing, upon resumption, a representative to the UN Good Offices Mission.

20. Provided constructive efforts to stop illegal activities vis-à-vis Greece and Cyprus are sustained, the European Council has agreed to launch a positive political EU-Turkey agenda with a specific emphasis on the modernisation of the Customs Union and trade facilitation, people to people contacts, High level dialogues, continued cooperation on migration issues, in line with the 2016 EU-Turkey Statement. The European Council invites its President, in cooperation with the President of the Commission and with the support of the High Representative, to develop a proposal for re-energising the EU-Turkey agenda to this effect.

21. Recalling and reaffirming i.a. its previous conclusions on Turkey of October 2019, in case of renewed unilateral actions or provocations in breach of international law, the EU will use all the instruments and the options at its disposal, including in accordance with Article 29 TEU and Article 215 TFEU, in order to defend its interests and those of its Member States.

    The European Council will continue to closely monitor developments and will revert accordingly and take decisions as appropriate at the latest at its December meeting.

22. Finally, the European Council calls for a Multilateral Conference on the Eastern Mediterranean and invites the High Representative to engage in talks about its organisation. Modalities such as participation, scope and timeline will need to be agreed with all involved parties. The Conference could address issues on which multilateral solutions are needed, including maritime delimitation, security, energy, migration and economic cooperation.

China

23. The European Council welcomes the oral report on the EU Leaders' meeting with President Xi Jinping on 14 September as well as the signing of the agreement on Geographical Indications. It stresses the need to rebalance the economic relationship and achieve reciprocity. It recalls the goal of finalising, by the end of this year, negotiations for an ambitious EU-China Comprehensive Investment Agreement (CAI) that addresses the current asymmetries in market access, contributes to a level playing field, and establishes meaningful commitments on sustainable development. It also calls on China to deliver on previous commitments to address market access barriers, to make progress on overcapacity and engage in negotiations on industrial subsidies at the World Trade Organization.

24. The European Council encourages China to assume greater responsibility in dealing with global challenges. This includes, in particular, taking more ambitious action on climate in line with the goals of the Paris Agreement and on biodiversity, and supporting multilateral responses to the COVID-19 pandemic, notably as regards treatments and vaccines, the independent review of the international health response, and debt relief as a necessary condition for recovery from the pandemic, particularly in Africa. The European Council welcomes, as an important step in the right direction, the statement of President Xi Jinping, following the Leaders' video conference, that China will aim to achieve carbon neutrality before 2060.

25. The European Council underlines its serious concerns about the human rights situation in China, including developments in Hong Kong and the treatment of people belonging to minorities, as expressed at the EU-China summit in June and the Leaders' meeting held on 14 September.

26. The European Council reaffirms the policy approach towards EU-China relations as set out in the Joint Communication of the Commission and the High Representative 'EU-China: A Strategic Outlook' of March 2019 and calls for further coherent efforts to implement it. It invites the Commission and the High Representative to present a progress report by March 2021. It looks forward to a meeting of all its members with President Xi Jinping in 2021.

Belarus

27. The European Council condemns the unacceptable violence by Belarusian authorities against peaceful protesters, as well as intimidation, arbitrary arrests and detentions following the presidential elections, the results of which it does not recognise. The European Council fully supports the democratic right of the Belarusian people to elect their President through new free and fair elections, without external interference. The European Council calls on the Belarusian authorities to end violence and repression, release all detainees and political prisoners, respect media freedom and civil society, and start an inclusive national dialogue. It agrees that restrictive measures should be imposed and calls on the Council to adopt the decision without delay. The European Council also encourages the European Commission to prepare a comprehensive plan of economic support for democratic Belarus.

28. With regard to the Belarusian Nuclear Power Plant Ostrovets, the European Council reiterates the importance of ensuring nuclear and environmental safety.

The Nagorno-Karabakh conflict

29. The European Council calls for an immediate cessation of hostilities and urges parties to recommit to a lasting ceasefire and the peaceful settlement of the conflict. The loss of life and the toll on the civilian population are unacceptable. There can be no military solution to the conflict, nor any external interference. Azerbaijan and Armenia should engage in substantive negotiations without preconditions. The European Council expresses its support for the OSCE Minsk Group Co-Chairs and asks the High Representative to examine further EU support for the settlement process.

Alexei Navalny

30. The European Council condemns the assassination attempt on Alexei Navalny with a military chemical nerve agent from the 'Novichok' group. The use of chemical weapons constitutes a serious breach of international law. The European Council calls upon the Russian Federation's authorities to fully cooperate with the Organisation for the Prohibition of Chemical Weapons (OPCW) to ensure an impartial international investigation and to bring those responsible to justice. The European Council will return to the matter on 15-16 October 2020.